

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Halsey Post Office
Halsey, Nebraska 69142

Docket No. A2012-98

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(February 9, 2012)

On December 16, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked December 9, 2011, from postal customer M. L. Frodsham ("Petitioner Frodsham") objecting to the discontinuance of the Post Office at Halsey, Nebraska.¹ The Commission received another petition for review from Mic Coffman ("Petitioner Coffman") on December 21, 2011. On December 29, 2011, the Commission issued Order No. 1086, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No.1086, the administrative record was filed with the Commission on January 3, 2012. On January 6, 2012, the Commission received a third petition from Colleen Higgins ("Petitioner Higgins"). Participant Statements were filed by Petitioner Coffman on January 18, 2012, and Petitioner Frodsham on January 23, 2012. The following is the Postal Service's answering brief in support of its decision to discontinue the Halsey Post Office.

The correspondence received by the Commission raises three main issues: (1) the effect on postal services, (2) the impact upon the Halsey community, and (3) the calculation of economic savings expected to result from discontinuing the Halsey Post

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,² the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Halsey Post Office should be affirmed.

Background

The Final Determination To Close the Halsey Post Office and Extend Service by Highway Contract Route Service ("Final Determination" or "FD"), as well as the administrative record, indicate that the Halsey Post Office provides EAS-11 level service to 10 rural box delivery customers via Highway Contract Route ("HCR"), 64 Post Office Box customers,³ 2 general delivery customers, and retail customers 41.5 hours per week. FD, at 2; Item No. 18, Fact Sheet, at 1.⁴ The postmaster of the Halsey Post Office retired on January 1, 2010. Since the postmaster vacancy, a noncareer officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer postmaster relief may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.⁵ The average number of daily retail window transactions at the Halsey Post Office is 12

² See 39 U.S.C. 404(d)(2)(A).

³ Petitioner Coffman inquires about the number of Post Office box holders at the Halsey Post Office. According to the record, there are 64 Post Office box customers. Item No.1, Authority to Conduct Investigation; Item No. 13, Instruction to PM/OIC for Information at 1; Item No.18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1. The FD and Proposal state there are 66 Post Office box customers or general delivery customers, which represents the sum of the number of Post Office box customers and general delivery customers. See FD at 2, Item No. 33, Proposal, at 2.

⁴ The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to "FD at ____," Rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other Items in the administrative record are referred to as "Item No.____."

⁵ FD at 7.

accounting for 14 minutes of workload daily. Revenue has generally been low and declining: \$14,993.00 in FY 2008 (39 revenue units); \$14,846.00 in FY 2009 (39 revenue units); and \$11,539.00 in FY 2010 (30 revenue units).⁶ The Halsey Post Office has one postage meter customer.⁷ FD at 2; Item No. 18, Fact Sheet, at 1.

Upon implementation of the final determination, delivery and retail services will be provided by highway contract route (HCR) service administered by the Thedford Post Office, an EAS-13 level office located seventeen miles away, which has 71 available Post Office Boxes. FD at 2; Item No. 18, Fact Sheet, at 1. This service will continue upon implementation of the Final Determination.⁸ FD at 2.

The Postal Service followed the proper procedures which led to the posting of the Final Determination. All issues raised by the customers of the Halsey Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Halsey Post Office. Questionnaires were also available over the counter for retail customers at Halsey. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Halsey Post Office, at 1. A letter from the Manager of Post Office Operations, Omaha, NE, was also made available to postal customers, which advised customers that the

⁶ FD, at 2; Item No. 18, Fact Sheet, at 1.

⁷ Petitioners Coffman and Higgins note that the docket does not acknowledge the presence of postage meter mailer customers in the Halsey community. Upon further investigation, the undersigned counsel has confirmed the Nebraska National Forest is a postage meter customer in the Halsey community.

⁸ Item No. 29, Proposal Checklist, at 2, mistakenly states that the Postal Service will incur a one time cost of \$1,000.00 to install cluster box units (CBUs). Services will be provided by the carrier to roadside mailboxes located close to customer residences. No CBUs will be installed in the Halsey community; thus, the calculated economic savings upon the closure of the Halsey Post Office are as shown in the Final Determination, without a one-time offset for CBU installation. FD at 6

Postal Service was evaluating whether the continued operation of the Halsey Post Office was warranted, and that effective and regular service could be provided through carrier delivery and retail services available at the Thedford Post Office. The letter invited customers to complete and return a customer questionnaire wherein they could express their opinions about the service they were receiving and the effects of a possible change involving carrier delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Sandhills Elementary gymnasium for a community meeting on June 29, 2011, to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster.⁹ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Halsey and Thedford Post Office¹⁰ from July 29, 2011 to September 29, 2011. FD at 2; Item No. 36, Round-date stamped Proposal and

⁹ Petitioner Higgins notes that the community was only given two weeks to prepare for the meeting on June 29, 2011. The Postal Service notes that its internal regulations give local discontinuance coordinators flexibility in scheduling meetings to encourage customer participation. See Handbook PO-101 § 251. No single date or time is ever consistent with all customer preferences. That is one reason why a discontinuance study process affords customers multiple avenues for providing their input: questionnaires, community meeting, written correspondence at any time, and if those opportunities do not suffice, then formal comments on a proposal posted for 60 days provide another means for submission of customer input.

¹⁰ The Thedford Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

Invitations for comments.¹¹ The Final Determination was posted at Halsey, Thedford, and Dunning Post Offices beginning on December 5, 2011.¹²

In light of a postmaster vacancy, minimal workload, low and declining office revenue,¹³ the variety of delivery and retail options (including the convenience of carrier delivery and retail service),¹⁴ very little recent growth in the area,¹⁵ minimal impact upon the community, and the expected financial savings,¹⁶ the Postal Service issued the Final Determination.¹⁷ Regular and effective postal services will continue to be provided to the Halsey community in a cost-effective manner upon implementation of the final determination. FD at 5.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Halsey Post Office on postal services provided to Halsey customers. The closing is premised upon providing regular and effective postal services to Halsey customers.

The Petitioners, raise the issue of the effect on postal services of the Halsey Post Office's closing, noting the convenience of the Halsey Post Office and requesting its

¹¹ The actual Round-date coversheets and Invitation for Comments are not included in the record. However, there is an affidavit from the Postmaster confirming that these documents were posted in the Halsey Post Office and the Thedford Post Office. See Item No.36, Round-date stamped Proposal and Invitation for Comments.

¹² Item No. 49, Round-date stamped Final Determination cover sheets.

¹³ See note 6 and accompanying text,

¹⁴ FD at 2-5.

¹⁵ Item No. 16, Community Survey Sheet, at 1.

¹⁶ FD, at 6; Item No. 29, Proposal Checklist, at 2.

¹⁷ FD, at 2-7.

retention. Petitioners express particular concern about traveling to another Post Office to receive service. Specifically, Petitioner Coffman mentions that the administrative Post Office is 17 miles away. The Postal Service explained that, services provided at the Post Office will be available from the carrier and customers will not have to travel to another Post Office for many services.¹⁸ FD at 3. Stamps by Mail¹⁹ and Money Order Application forms are available for customer convenience. FD at 3. In addition, stamps are also available at many stores and gas stations where customers may already shop, online at usps.com or by calling 1-800-STAMP-24.²⁰ FD at 3. Therefore, customers will not need to travel to nearby Post Office for most transactions, thereby addressing this concern.

Petitioner Frodsham and Petitioner Higgins raise concern about the elderly in the community. The Postal Service explained that carrier service is especially convenient for senior citizens and those with special needs because it alleviates the need to travel to the Post Office for delivery and retail services. FD at 3, 5. Moreover, the Postal Service makes special provisions for hardship cases. FD at 5.

Petitioner Frodsham mentions that the Forest Service purchases money orders. The Postal Service has explained that customers may purchase money orders by meeting the carrier at the mailbox, completing an application (which can be provided by

¹⁸ Petitioner Frodsham states that the Halsey Post Office “carries forms, boxes, labels, envelopes, and handles nearly every mailing need for local, regional and overseas delivery.” Rural carriers provide many of the services that are available at the Post Office. FD at 4. Rural Carriers are equipped to help customers with many international and military mail questions, and can provide custom forms upon request. FD at 4.

¹⁹ The Stamps by Mail Program provides customers the opportunity to purchase stamps, envelopes, and postal cards by using the Stamps by Mail Order form available from the Post Office or the carrier. Commemorative stamps and stamp collecting products are also available through this program. FD at 3.

²⁰ Petitioner Frodsham alleges that it would be a hardship for customers to drive to another Post Office to get stamps.

the carrier), and paying the carrier the price of the money order, plus the fee. FD at 3. The carrier gives the customer a receipt for the application, completes the money order upon his or her return to the Post Office, and leaves a money order receipt in the customer's mailbox on the next delivery day. FD at 3. Customers can provide the carrier with a stamped, self-addressed envelope in which the completed money order is mailed to its destination, and can request return of completed money orders for verification on the next delivery day. FD at 3.

With regard to Petitioner Frodsham's concern about special services, the Postal Service explained that special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD may be obtained from the carrier by leaving a not in the mailbox, along with the appropriate payment. FD at 4. The carrier will provide the services that day and leave a customer receipt in the mailbox on the next delivery day. FD at 4.

Petitioner Frodsham also mentions that she does little bill paying online. The above mentioned services are also available to customers who do not use computers. Stamps by Mail and Money Order Application forms are available for customer convenience. Stamps are also available at many stores and gas stations, or by calling 1-800-STAMP-24. FD at 3. Special services, such as certified, registered, or Express mail, delivery confirmation, signature confirmation, and COD are available from the carrier as well. FD at 4. Thus, customers without computer access or who use the internet infrequently will have access to postal services upon the implementation of the Final Determination.

The safety and security of outdoor mailboxes was also a concern raised by Petitioner Frodsham. The Postal Service sent a questionnaire to the Postal Inspection Service concerning mail theft and vandalism in the suspended Post Office area. The records of the Inspection Service indicate that there have only been two reports of mail theft or vandalism in the area. Item No. 14, Local Law Enforcement Vandalism Reports. As such, there appears to be minimal risk that the security of customers' mail will be impacted by the closing of the Halsey Post Office.

Although customer mailboxes will be placed on a highway, the Postal Service notes that safety of customer access is routinely considered in connection with curbside delivery. Specifically, Postal Operations Manual § 631.32 provides that “[d]elivery may be provided to boxes at the curb so they can be safely and conveniently served by the carrier from the carrier's vehicle, and so that customers have reasonable and safe access. Mail receptacles may be grouped, two to a property line where possible.”

Petitioners raise concern about the delay to the delivery time of the mail. The Postal Service explained that any delay in mail delivery time will be far less than customers would expect, if at all. Due to the fact that the additional boxes added to the route will all be in a row, delivery time will be faster than normal.²¹ FD at 4.

Petitioner Coffman alleges that customers will have to travel a great distance to mail and pickup packages. However, the rural carrier will deliver packages that fit into

²¹ The HCR carrier has two delivery routes already. According to the discontinuance coordinator, after completing delivery to the other two routes, the carrier will return to Halsey around 12:30 noon. The carrier will then have until approximately 3:45 p.m. (an additional 3 hours) to deliver to the 64 boxes added to the route. Therefore, the carrier will have more than a sufficient amount of time to deliver mail and provide retail services to the Halsey community. Although there may be instances where inclement weather will affect the delivery time of mail, the carrier will make every effort to serve the community in a timely fashion.

customer mailboxes during the normal delivery route. If the package does not fit in the mailbox, the carrier will deliver the package up to ½ mile off the line of travel, at a designated place, such as on your porch or under a carport. FD at 2. For carrier pickup of packages, customers can contact the administrative Post Office, to let the carrier know they have a package available for pick up. The carrier can deviate from the line of travel in order to receive packages. The rural carrier will accept letters, flats or packages up to 13 ounces for mailing.²² The carrier will estimate the cost and provide a receipt for any money received. On the following delivery day the carrier will provide change or a bill for the amount over the estimate. FD at 2.

The Postal Service has considered the impact of closing the Halsey Post Office upon the provision of postal services to Halsey customers. The carrier can provide similar access to retail service, alleviating the need to travel to the Post Office. FD at 5. Thus, the Postal Service has properly concluded that all Halsey customers will continue to receive regular and effective service.

Effect Upon the Halsey Community

The Postal Service is obligated to consider the effect of its decision to close the Halsey Post Office upon the Halsey community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices,

²² Packages over 13 ounces may be picked up if the postage was printed online or with a traceable meter. FD at 2. A rural carrier is also permitted to pick up a package weighing 13 ounces or more if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point. It is not necessary for customers to meet the carrier to utilize this service, as customers have the option of placing the package and payment in their delivery receptacle for pick-up by the carrier.

and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Halsey is an incorporated rural community located in Thomas County. The Thomas Police Department provides police protection. The community is administered politically by the Mayor, with fire protection provided by the Halsey Fire Department. The questionnaires completed by Halsey customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Halsey must travel elsewhere for other supplies and services. See generally FD at 5; Item No. 21, Returned customer questionnaires and Postal Service response letters

Petitioner Frodsham mentions that if the Halsey Post Office closes she will have to close her small computer business. While Petitioner Frodsham does not specifically state how the Halsey Post Office closing will affect her computer business, the Postal Service explained that businesses generally require regular and effective postal services and this will always be available through the rural mail carrier.²³ FD at 6. The rural carrier provides many of the services that are available at the Post Office with the exception of Post Office box service and bulk mail acceptance. FD at 3. This includes stamp sales, package pickup and delivery, special services and money order sales.²⁴ FD at 3. As a computer business owner, Petitioner Frodsham may also find it

²³ Petitioner Frodsham mentions in her Participant statement that businesses demand immediate attention. Contrary to Petitioner's assertions that it will be inconvenient for businesses to obtain services from the rural carrier, customer convenience may be enhanced upon implementation of the Final Determination because the provision of rural carrier service will alleviate the need for customers to travel to the Post Office for retail services. If businesses have affairs that necessitate immediate attention they may contact the administrative office to make special accommodations or visit any other Post Office facility at their convenience.

²⁴ Petitioner Frodsham states that the Forest Service, Double T Bar and Restaurant, the motel, and the local school are required to send water samples overnight to the State of Nebraska. Upon the implementation of the Final Determination these businesses will still have the opportunity to obtain overnight service through the carrier.

convenient to access Postal Services online at usps.com. Further, customer questionnaires revealed that customers will continue to use local businesses if the Post Office is discontinued. See Item No. 21, Returned Questionnaires, at 1, 3, 5, 6, 7, 8, 9, 10, 12, 13, 14, 17, 18, 20, 21, 22, 25, 26, 28, 29, 31, 32, 35, 36, 39, 41, 45, 46, 49, 50. Thus, the Postal Service properly concluded there is little if any detrimental effect on the Halsey business community.

Petitioner Coffman and Petitioner Higgins raise concern about address changes. Customers who opt for carrier service will be assigned a 911 address. The new address will continue to use the community name as well as the ZIP Code. Mail will be forwarded in accordance with postal regulations, and change of address forms are available from the Postal Service to assist customers in notifying correspondents of the change.

Petitioner Frodsham mentions that the public bulletin board at the Halsey Post Office is frequently used. Many retail outlets and grocery stores are now displaying a public bulletin board in which items can be posted. In addition, the administrative Post Office may have a public bulletin board which may be used to post information.

Petitioner Frodsham also mentions that the Halsey Post office is a local meeting place for friends and neighbors to gather their mail and exchange information. The Postal Service addressed this concern by explaining that residents may continue to meet informally, socialize, and share information at the other businesses, churches, and residences in town.

In addition, the Postal Service has concluded that nonpostal services provided by the Halsey Post Office can be provided by the Thedford Post Office which is 17 miles

away. FD at 5. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 5.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Halsey Post Office on the community served by the Halsey Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that carrier service would cost the Postal Service substantially less than maintaining the Halsey Post Office and would still provide regular and effective service. FD at 7. The estimated annual savings associated with discontinuing the Halsey Post Office are \$41,229.00. FD at 6.

Petitioner Frodsham questions the Postal Service's estimated cost of replacement service. Specifically, she mentions the compensation to the carrier, maintenance on the vehicle, and mileage. However, the cost savings estimate includes a deduction of \$8,918.58 for the annual cost of replacement service.²⁵ Item No.17, HCR Estimated Cost of Alternative Services, at 1. The Postal Service reached this figure by calculating the cost of delivering to an additional 64 boxes and adding 35 miles to the route. Item No.17, HCR Estimated Cost of Alternative Services, at 1. Thus, the Postal Service took the cost of alternative replacement service in consideration when

²⁵ Petitioner Frodsham mentions that she researched the pay for rural carrier drivers and was able to find a 2005 salary which is more than the \$8,918.00. However, the estimated alternative service costs are a reflection of the additional boxes and mileage that will be added to the carrier's route. It is not comparable or indicative to the yearly salary of a highway contract route carrier.

evaluating the decision to implement rural route service via HCR and determined it would be more cost effective then continuing operations at the Halsey Post Office.

Petitioner Higgins alleges that it would be more feasible for the Postal Service to reduce the hours that the Halsey facility is open given the fact that Purdum Post Office is also under review for closure. The Postal Service has broad experience with similar options. However, in this case, it has determined that carrier service, coupled with service at the nearby Thedford Post Office, is a more cost-effective solution than maintaining the Halsey postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 6; Item No. 29, Proposal, at 7.

The Postal Service determined that carrier service is more cost-effective than maintaining the Halsey postal facility and postmaster position. FD at 6. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster retired on January 1, 2010. Since the postmaster vacancy, a noncareer

officer-in-charge (OIC) was installed to operate the office. Upon implementation of the Final Determination, attempts will be made to reassign the noncareer OIC to a nearby office. The record shows that no other employee would be adversely affected by this closing. FD, at 7; Item No. 15, Post Office Survey Sheet, at 1. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Halsey Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Halsey Post Office on the provision of postal services and on the Halsey community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Halsey customers through carrier service. FD at 7. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Halsey Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Halsey Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business & Service
Development

Adriene M. Davis

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-6036; Fax -5287
adriene.m.davis@usps.gov
February 9, 2012